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CUNA MUTUAL GROUP

Ms. Jennifer J. Johnson
Secretary, Board of Governors
Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington D.C.

March 28, 2005

VIA EMAIL: regs.comments@federalreserve.gov

Re: Docket No. R-1217
Response to Advance Notice of Proposed Rulemaking –
Open-end Disclosures for Non-Real Estate Secured Transactions

Dear Ms. Johnson,

Thank you for the opportunity to submit on behalf of our company and our customers suggestions for improving the format and content of open-end credit disclosures required by Regulation Z. CUNA Mutual Group (CMG) provides a broad range of insurance and related financial services to credit unions and their members both within the United States and internationally. In addition CMG is a leading provider of open-end lending documents to credit unions.

Your request for public comments was carefully reviewed by a comprehensive committee of CMG professionals who provide high-level assistance to credit unions with open-end credit disclosures. Our discussions covered several meetings consisting of many hours of deliberation. Out of these discussions we identified the following issues and propose the following improvements to Regulation Z with respect to open-end credit disclosures.

Feasibility of review in stages

We feel that review of Regulation Z in stages, beginning with non-home secured open-end disclosures is generally a reasonable approach except as it applies to the definition of finance charges. We believe serious consideration needs to be given to redefining finance charges. Since the definition of finance charges encompasses both open and closed-end lending as well as real estate and home secured lending this issue needs to be considered more broadly than simply with respect to non-home secured open-end loan transactions.

Revise definition of finance charges.

Currently determining whether a particular charge is a finance charge, an "other charge" or a charge that is excluded as an "other charge" under §226.6(b)-2 of the commentary is a complex and hyper-technical endeavor. Regulation Z draws distinctions that make the same type of charge a finance charge in a non-real estate transaction but an "other charge" in a real estate transaction. In addition, the examples of charges that are finance charges and charges that are "other charges" do not provide adequate guidance for charges not discussed by the rule or commentary. Errors in the classification of a charge can lead to inadvertent disclosure errors in the amount of finance charges and annual percentage rate (APR) calculations that when multiplied by a large number of loans places creditors at serious risk of class action litigation.

We favor substantial simplification to the definition of finance charges so that the only charges classified as "finance charges" are charges attributable to interest. We suggest that consumers receive an itemization of all other charges that are likely to be regularly imposed in connection with the use of the account. An itemization of charges that are regularly imposed in connection with the account together with the APR for the loan would be more helpful to consumers in comparing the cost of competing credit offers. Under this approach consumers can identify the exact type and amount of each fee that may be imposed on the transaction rather than being provided with an effective APR which may or may not actually apply to the consumer's individual transaction and which may or may not apply to future transactions.

Expand list of finance charge examples.

In the alternative, should finance charges not be redefined as we have suggested, we propose that additional examples of charges that are and are not finance charges be added to §226.4(c). We suggest that the list include a general statement that any charge that is not required in order to maintain or obtain an extension of credit is not a finance charge provided that an alternate method of maintaining or obtaining the credit is available without incurring a fee. Precedent for this approach already exists in the commentary to Regulation Z under 226.6(b)-2 which states that fees for expedited delivery of a credit card or expedited payment fees are not finance charges provided the fee may be avoided.

In addition, we propose that the list of examples of charges that are not finance charges under §226.4(c) be revised to specifically include credit report fees for both real estate and non-real estate secured transactions when additional credit is extended at the request of the consumer. With the growing popularity of risk based lending, creditors are becoming increasingly reliant on credit reports for all types of credit transactions. It no longer makes sense to classify a credit report fee as an "other charge" only for real estate transactions and not for non-real estate transactions.

Permit overstatement of finance charges and the resulting APR.

We also suggest that if the definition of finance charges is not simplified that the rules allow for finance charge and APR disclosures be revised to allow the overstatement of finance charges and the overstatement of the APR if the rate disclosed results from the disclosed finance charges. Revising the rules in this manner allows creditors that are unsure as to whether a particular fee is a finance charge to err on the side of caution by treating it as a finance charge. Giving creditors such a safe harbor offers protection for creditors that choose a conservative approach with respect to a fee that is not clearly discussed by the regulation or commentary.

Precedent allowing creditors to classify a fee as a finance charge when the true nature of the fee is unclear already exists in Regulation Z with respect to life of loan coverage related to flood insurance. In particular §226.4(c)(7)-3 of the commentary states that if a creditor is uncertain about what portion of a fee related to flood insurance is a finance charge, the creditor may treat the entire fee as a finance charge. In addition, precedent allowing for the overstatement of APRs already exists in the regulation in the context of closed-end mortgage loans under §226.22(a)(4).

Exclude skip payment fees from "other charges".

We also suggest that fees imposed to process a borrower's election to exercise a skip-payment option be added to the list of examples of charges that are not "other charges" found under §226.6(b)-2. In April of 2003, the Board added to this list fees for expedited payment. These fees are not considered significant other fees when there is another means available for the consumer to avoid paying the fee. Consumers who do not elect to pay the fee must make payment far enough in advance to ensure that the creditor receives the payment by the due date. Expedited payment fees therefore, are essentially a fee for the convenience of delaying making payment until shortly before the payment due date.

Skip payment fees are very similar to expedited payment fees in that they are basically a fee for the convenience of skipping a payment for a particular payment period. As in the case of an expedited payment fee, consumers can easily avoid incurring skip payment fees simply by submitting payment promptly by the payment due date. Consumers are generally made aware of the right to skip a payment through marketing materials sent by the creditor and are under no obligation to accept a creditor's offer to skip a required payment.

Revise periodic statement disclosure requirements.
(Please refer to attached Examples #1 - #4)

With regard to periodic statement disclosures for all types of open-end credit plans, we strongly suggest making the disclosures more meaningful by requiring creditors to provide separate total dollar amounts of finance charges resulting from interest charges and finance charges resulting from fees rather than requiring an effective APR disclosure.

Attached to this letter are several examples of how we propose creditors might provide consumers with periodic statement disclosures. Examples 1 and 2 demonstrate statements reflecting total interest charges and a $10 finance charge for a cash advance fee charged early in the statement cycle and later in the statement cycle. Examples 3 and 4 demonstrate statements reflecting total interest charges on the same account balance but with a $30 finance charge for a cash advance fee charged early and later in the statement cycle. We propose omitting the effective APR disclosure since it is confusing and misleading to consumers, however, the examples note for illustrative purposes indicating what the effective APR disclosure would be as it is now required to be disclosed.

It is interesting to note that in these examples a $10 cash advance fee, charged early in the month results in an effective APR of 15.62%. When a fee in the exact same amount is charged later in the month the result is an effective APR of 7.37%, which must be disclosed on the periodic statement as 12.95% due to requirements of §226.14(c). When the amount of the cash advance fee is increased to $30, the effective APR is 27.90% when the fee is charged early in the statement cycle and 19.60% when the fee is charged later in the month.

While the effective APR is intended to help consumers understand the overall credit costs for an open-end credit plan, the fact that the APR varies widely depending on whether it is imposed early or late in the month makes it an ineffective tool to consumers for cost comparisons. Examples 3 and 4 show that the exact same $30 cash advance fee can result in an effective APR of as little as 19.60% or as much as 27.90% depending on when in the statement cycle the fee is charged. Consumers for the most part are better able to understand the amount of the fee in real dollar terms and as compared to total interest charges for the statement cycle.

In addition, compare Example #1 showing the effective APR for a $10 cash advance fee charged early in the month with Example #4 showing the effective APR for a $30 cash advance fee charged later in the month. Despite a $20 difference in the amount of the fee, there is a difference in the APRs for these two statements of only four percentage points. The slight difference in the percentage points despite the large difference in the actual total dollar amount of the fees demonstrates how limited a tool the effective APR is to consumers. Given these kinds of disparities, it might be considered misleading to consumers to disclose an effective APR, especially when a fee of the exact same amount can result in a widely varying effective APR.

Finally we note that the effective APR calculation is subject to a number of exceptions, exclusions and limitations resulting in an inconsistent effective APR calculation. For example, according to footnote 33, the effective APR does not include finance charges related to the opening of an account such as loan fees, points or similar charges. And under §226.14(c)(3) of Reg. Z, when the APR calculated according to the requirements of that section the APR disclosed on the periodic statement cannot be less than the nominal APR even if the calculation required by the statute results in an APR that is lower than the nominal APR.

A far better tool for consumers is simply separate real dollar totals for all fees that are finance charges and all finance charges resulting from interest. By giving consumers the total dollar amount of charges from interest and fees for the statement period and as 12-month rolling totals, consumers can compare charges from fees with charges from to interest. This gives consumers a better understanding of the actual cost of the fees rather than an effective APR.

Require payment due date disclosures on periodic statements

With regard to grace periods and payment due dates on periodic statements we feel that periodic statements should reflect the date by which payment must be received in order to avoid incurring additional finance charges and any late fees on the account. If the payment must be received by a specific time on that date, the time should also be stated otherwise it may be presumed that payments may be received anytime by midnight of the date stated. The payment due date disclosure should be prominently located on the front of the statement near the required minimum payment amount. Also, if no grace period and no late fees apply to the account the statement need not reflect any payment due date.

Do not require information about the effect of making minimum payment information on periodic statements.

The Board has inquired whether it would be helpful to consumers to include information on periodic statements explaining the length of time it would take to pay off the account balance by making only minimum payments. Extensive and very complex programming would be necessary to perform such calculations for periodic statements. In addition, the behavior of consumers who make only minimum payments on an account is unlikely to be affected by such a disclosure. Therefore, we sincerely believe that the significant expense that would be incurred in order to implement a minimum payment disclosure for periodic statements far outweighs the minimal benefit to consumers.

Rather than providing consumers with minimum payment information on periodic statements we propose making a minimum payment example part of the required Schumer Box disclosures. The concept for this type of disclosure is similar to the minimum payment disclosure required for home equity lines of credit found in §226.5b(d)(5). Please see our discussion of suggestions for revising the Schumer Box disclosures for a detailed explanation of our suggestion.

Require Schumer Box for account-opening disclosures.

The Board has asked whether the formatting of open-end disclosures could be enhanced to improve consumers' ability to notice and understand account-opening disclosures. We believe that for purposes of <u>credit card disclosures only</u> a significant improvement in helping consumers to understand and interpret account-opening disclosures would be to require that a Schumer Box disclosure accompany the account opening disclosure. The Schumer Box gives consumers an excellent summary of important terms contained in the account-opening disclosures.

The Schumer Box summary, when made a part of account-opening disclosures, can also be used as a tool to assist consumers with navigating account-opening disclosures by requiring that the same headings as are used in the Schumer Box be used in the account-opening disclosures. By using such a convention consumers that want more detailed information about a particular term found in the Schumer Box summary could easily locate that section in the account agreement.

We caution however, that if a Schumer Box is made a requirement for account opening disclosures that the content requirements for account-opening purposes be identical to the content requirements for applications and solicitations. We also suggest that the safe harbor font size be reduced from the 12 point font size currently required to a 10 point font size. Allowing a 10 point font size will allow creditors more flexibility with the formatting of the disclosures and will help minimize printing expenses without substantially reducing the readability of the disclosures.

Revise content of Schumer Box.
(Please refer to Example #5 attached.)

In addition to requiring that the Schumer Box accompany the account-opening disclosures we suggest that a number of changes be made to enhance its usefulness as a summary of important terms and conditions concerning the account. Attached to this letter as Example #5 is an annotated example of the changes we propose. Please review that example for the types of changes we are proposing and the reasons for those changes. To summarize, our suggestions for enhancing and clarifying the Schumer Box disclosures are as follows:

1. The headings used in the tabular disclosure should be consistent with the headings used in the account-opening disclosures to assist consumers with locating more detailed information about each particular term disclosed in the table.

2. The regulations should include model tabular disclosures that combine the disclosures for several different credit card programs. Providing disclosures in such a format is an easy and convenient means for consumers to compare the costs of different credit card programs.

3. The regulations should allow APR disclosures for purchases, cash advances and balance transfers to be grouped together under a single heading of ANNUAL PERCENTAGE RATES when the rate is the same for all types of transactions. As long as all of the APRs for these types of features are the same, the table need not specifically refer to each type of feature.

4. Consumers' attention should be drawn to the APR disclosure by requiring that the APR be made more conspicuous than the other information in the table.

5. The requirement to disclose the Annual Percentage Rate applicable to purchases in an 18% font size should be eliminated because it is misleading to consumers. Many credit card programs provide for other APRs that are often much higher than the rates charged for purchases. By requiring a larger font size for purchase transactions consumer's attention is drawn to that rate and causes the consumer to overlook other much higher rates.

6. The regulations should allow for Annual Percentage Rates to be disclosed as a reasonable range of available rates. Risk based pricing has become a standard lending practice among many creditors. However, because the rate a particular borrower may receive depends on that borrower's credit history it is no longer possible to provide one specific rate in the Schumer Box. It is necessary to enhance the accuracy of the Schumer Box by allowing creditors to show the APR as a reasonable range of available rates. The range should span from the lowest rate to the highest rate that is actually available under the creditor's lending policies. Also, where the rate is determined by the borrower's credit

history, information should be provided as a footnote to the box informing the borrower of that fact.

7. Disclosures for "Other APRs" should only be required when the APRs for other types of features are not the same as the APR for purchases.

8. Penalty APRs have become the norm for most credit card programs. These APRs often have shockingly high rates and often unexpected terms for when they apply. For example it is becoming the norm for a penalty APR to be applicable when there is a default on any contract the consumer has with the creditor. Because the rates and circumstance when they apply may be unexpected to the consumer this information should be prominently disclosed in the table. This information should include not only the APR but also the circumstance when the penalty rate may be imposed.

9. Variable Rate information is an important disclosure. We do not suggest any changes to this disclosure other than clarification that a range of margins is permitted when rates are based on the borrower's credit history

10. We suggest that the balance computation method disclosure be eliminated from the Schumer Box as it is not generally a consideration that is significant to most consumers in the comparison of one credit card program with another. Consumers are far more concerned about rates, the grace period and annual fees so space in the table should be reserved for that information.

11. Most credit card programs rarely impose transaction fees for purchases therefore we suggest eliminating the requirement to disclosure this information as a separate box in the table. In the event transaction fees for purchases are imposed those fees should be disclosed along with the other fee disclosures for cash advances, late payments, balance transfers and over-the-limit.

12. The regulations should be clarified to require that any fees imposed for transactions made in a foreign country or a foreign currency must be included with the other fee disclosures for cash advances, late payments, balance transfers and over-the-limit.

13. Minimum finance charges are essentially low balance service fees therefore we suggest that such charges be grouped together with transaction fees, late payment and over-the-limit fees.

14. The Board has requested comment on the feasibility of adding a minimum payment example to periodic statements. The programming that would be necessary to provide such a disclosure would be extremely difficult and burdensome to creditors and of little value to consumers. In lieu of such a requirement we suggest that the Schumer Box contain a minimum payment

example based on a fixed amount such as a $5,000 balance. This disclosure would be similar to the minimum payment example that is currently required by §226.5b(d)(5) for home equity line of credit plans. The example should reflect an APR that is currently available under the program, should be calculated using the minimum payment terms of the card program and should explain that the example assumes that there are no changes in the APR and that there is no increase in the outstanding balance during the repayment term.

Change in terms requirements.

We feel that the current 15 day advance change in terms requirement is adequate advance notice to consumers of changes in terms. However, if the Board is considering lengthening this period, we would have no objection to increasing this time period to 30 days since most change in terms notices are generally provided with periodic statements. When change in terms are provided with periodic statements, the changes generally do not become effective until, at the earliest, the next statement billing cycle which would allow for a 30-days advance notice.

Additional Issues

We ask that §226.6(a)(2)-2 with respect to variable-rate disclosures be clarified to specifically acknowledge that a formula based on a borrower's credit score is considered a variable-rate plan for open-end credit plans. Section 226.6(a)(2)-2 states that rate changes that are part of the plan and tied to an index or formula may use variable-rate disclosures for plans involving rate changes such as rate changes tied to money market certificates, Treasury bill rates or changes in the creditor's commercial lending rate.

Recently creditors have begun to tie changes in a borrower's credit score to the rate charged on the borrower's open-end credit plan. We ask that the commentary specifically acknowledge that a variable-rate plan that provides for rate change related to changes to the borrower's credit score is a variable-rate plan for open-end disclosure purposes.

Conclusion

Thank you again for allowing us the opportunity to submit our suggestions for enhancing and improving open-end credit disclosures. If you have any questions or would like to discuss our comments further please contact me at 608.232.6493 or email me at anne.gehring@cunamutual.com.

Sincerely,
Anne Wenninger Gehring
CUNA Mutual Group
Associate Counsel.

Example #1
($10 cash advance fee charged early in statement)

ABC Credit Union
Account number 1111
Credit limit $8,500
Available credit $5,909
Questions? Call Cardholder Service 800-999-9999
Lost or Stolen Card 800-888-8888
or Write:
Customer Service P.O. Box 111 Tampa, FL 11111
Remit payment to:
P.O. Box 222 St. Louis MO 22222

Statement closing date	07/03/00
Previous balance	$206.39
Payments and credits	335.39
Purchases	693.37
Cash advances	2,000.00
FINANCE CHARGES	**26.03**
New balance	$2,590.40
Minimum payment due	52.00
Payment due date	07/28/00

TRANSACTIONS
See statement back for explanation of Finance Charge calculation. Credit Purchase Finance Charges calculated using Method G. Cash Advance Finance Charges calculated using Method F.

Trans	Post	Ref. No.	Description	Amount
06/07	06/07	12345	Cash Advance Kettering OH	2000.00
06/07	06/07	67890	Cash Advance Fee *FINANCE CHARGE*	10.00
06/08	06/09	24680	Lands End Clothing CREDIT	-29.00
06/09	06/09	13579	Payment - Thank You	-206.39
06/17	06/20	10293	AAA Miami Valley Dayton OH	23.99
06/20	06/21	84756	Chadwicks of Boston MA	296.99
06/21	06/22	54321	BP Oil Dayton OH	30.01
06/21	06/23	09876	Lowes Huber Heights OH	96.77
06/26	06/26	08642	Automatic Payment - Thank you	-100.00
06/26	06/28	97531	BP Oil Dayton OH	29.70
06/27	06/28	39201	JIL Industries MA	215.91
07/03	07/03	*FINANCE CHARGES*	PURCHASES $0.00 CASH ADVANCE $16.03	16.03

SUMMARY OF CHARGES

	Purchases	Cash Advances
ANNUAL PERCENTAGE RATE	**12.95**	**12.95**
Monthly Periodic Rate	1.080	1.080
Average Daily Balance	0.00	1,484.84
FINANCE CHARGES - Interest		
This statement	**0.00**	**16.03**
Last 12 months	**328.52**	**173.27**
FINANCE CHARGES - Fees		
This statement	**0.00**	**10.00**
Last 12 months	**0.00**	**30.00**

Note: Under the current regulations the effective APR due to the cash advance would be 15.62%

Example #2
($10 cash advance fee charged late in statement)

ABC Credit Union
Account number 1111
Credit limit $8,500
Available credit $5,909
Questions? Call Cardholder Service 800-999-9999
Lost or Stolen Card 800-888-8888
or Write:
Customer Service P.O. Box 111 Tampa, FL 11111
Remit payment to:
P.O. Box 222 St. Louis MO 22222

Statement closing date	07/03/00
Previous balance	$206.39
Payments and credits	335.39
Purchases	693.37
Cash advances	2,000.00
FINANCE CHARGES	**12.29**
New balance	$2,576.66
Minimum payment due	52.00
Payment due date	07/28/00

TRANSACTIONS
See statement back for explanation of Finance Charge calculation. Credit Purchase Finance Charges calculated using Method G. Cash Advance Finance Charges calculated using Method F.

Trans	Post	Ref. No.	Description	Amount
06/08	06/09	24680	Lands End Clothing CREDIT	-29.00
06/09	06/09	13579	Payment - Thank You	-206.39
06/17	06/20	10293	AAA Miami Valley Dayton OH	23.99
06/20	06/21	84756	Chadwicks of Boston MA	296.99
06/21	06/22	54321	BP Oil Dayton OH	30.01
06/21	06/23	09876	Lowes Huber Heights OH	96.77
06/26	06/26	12345	Cash Advance Kettering OH	2000.00
06/26	06/26	67890	Cash Advance Fee *FINANCE CHARGE*	10.00
06/26	06/26	08642	Automatic Payment - Thank you	-100.00
06/26	06/28	97531	BP Oil Dayton OH	29.70
06/27	06/28	39201	JIL Industries MA	215.91
07/03	07/03	*FINANCE CHARGES*	PURCHASES $0.00 CASH ADVANCE $2.29	2.26

SUMMARY OF CHARGES

	Purchases	**Cash Advances**
ANNUAL PERCENTAGE RATE	**12.95**	**12.95**
Monthly Periodic Rate	1.080	1.080
Average Daily Balance	0.00	211.84
FINANCE CHARGES - Interest		
This statement	**0.00**	**2.29**
Last 12 months	**328.52**	**173.27**
FINANCE CHARGES - Fees		
This statement	**0.00**	**10.00**
Last 12 months	**0.00**	**30.00**

Note: Under the current regulations the effective APR due to the cash advance would be 12.95% (the calculated APR is 7.37%, but must be disclosed as the nominal APR due to requirements of 226.14(c)).

Example #3
($30 cash advance fee charged early in statement)

ABC Credit Union
Account number 1111
Credit limit $8,500
Available credit $5,909
Questions? Call Cardholder Service 800-999-9999
Lost or Stolen Card 800-888-8888
or Write:
Customer Service P.O. Box 111 Tampa, FL 11111
Remit payment to:
P.O. Box 222 St. Louis MO 22222

Statement closing date	07/03/00
Previous balance	$206.39
Payments and credits	335.39
Purchases	693.37
Cash advances	1980.00
FINANCE CHARGES	**46.03**
New balance	$2,590.40
Minimum payment due	52.00
Payment due date	07/28/00

TRANSACTIONS
See statement back for explanation of Finance Charge calculation. Credit Purchase Finance Charges calculated using Method G. Cash Advance Finance Charges calculated using Method F.

Trans	Post	Ref. No.	Description	Amount
06/07	06/07	12345	Cash Advance Kettering OH	1980.00
06/07	06/07	67890	Cash Advance Fee *FINANCE CHARGE*	30.00
06/08	06/09	24680	Lands End Clothing CREDIT	-29.00
06/09	06/09	13579	Payment - Thank You	-206.39
06/17	06/20	10293	AAA Miami Valley Dayton OH	23.99
06/20	06/21	84756	Chadwicks of Boston MA	296.99
06/21	06/22	54321	BP Oil Dayton OH	30.01
06/21	06/23	09876	Lowes Huber Heights OH	96.77
06/26	06/26	08642	Automatic Payment - Thank you	-100.00
06/26	06/28	97531	BP Oil Dayton OH	29.70
06/27	06/28	39201	JIL Industries MA	215.91
07/03	07/03	*FINANCE CHARGES*	PURCHASES $0.00 CASH ADVANCE $16.03	16.03

SUMMARY OF CHARGES

	Purchases	Cash Advances
ANNUAL PERCENTAGE RATE	**12.95**	**12.95**
Monthly Periodic Rate	1.080	1.080
Average Daily Balance	0.00	1,484.84
FINANCE CHARGES - Interest		
This statement	**0.00**	**16.03**
Last 12 months	**328.52**	**173.27**
FINANCE CHARGES - Fees		
This statement	**0.00**	**30.00**
Last 12 months	**0.00**	**50.00**

Note: Under the current regulations the effective APR due to the cash advance would be 27.90%.

Example #4
($30 cash advance fee charged late in statement)

ABC Credit Union
Account number 1111
Credit limit $8,500
Available credit $5,909
Questions? Call Cardholder Service 800-999-9999
Lost or Stolen Card 800-888-8888
or Write:
Customer Service P.O. Box 111 Tampa, FL 11111
Remit payment to:
P.O. Box 222 St. Louis MO 22222

Statement closing date	07/03/00
Previous balance	$206.39
Payments and credits	335.39
Purchases	693.37
Cash advances	1980.00
FINANCE CHARGES	**32.29**
New balance	$2576.66
Minimum payment due	52.00
Payment due date	07/28/00

TRANSACTIONS
See statement back for explanation of Finance Charge calculation. Credit Purchase Finance Charges calculated using Method G. Cash Advance Finance Charges calculated using Method F.

Trans	Post	Ref. No.	Description	Amount
06/08	06/09	24680	Lands End Clothing CREDIT	-29.00
06/09	06/09	13579	Payment - Thank You	-206.39
06/17	06/20	10293	AAA Miami Valley Dayton OH	23.99
06/20	06/21	84756	Chadwicks of Boston MA	296.99
06/21	06/22	54321	BP Oil Dayton OH	30.01
06/21	06/23	09876	Lowes Huber Heights OH	96.77
06/26	06/26	12345	Cash Advance Kettering OH	1980.00
06/26	06/26	67890	Cash Advance Fee *FINANCE CHARGE*	30.00
06/26	06/26	08642	Automatic Payment - Thank you	-100.00
06/26	06/28	97531	BP Oil Dayton OH	29.70
06/27	06/28	39201	JIL Industries MA	215.91
07/03	07/03	*FINANCE CHARGES*	PURCHASES $0.00 CASH ADVANCE $2.29	2.26

SUMMARY OF CHARGES

	Purchases	Cash Advances
ANNUAL PERCENTAGE RATE	**12.95**	**12.95**
Monthly Periodic Rate	1.080	1.080
Average Daily Balance	0.00	211.84
FINANCE CHARGES - Interest		
This statement	**0.00**	**2.29**
Last 12 months	**328.52**	**173.27**
FINANCE CHARGES - Fees		
This statement	**0.00**	**30.00**
Last 12 months	**0.00**	**50.00**

Note: Under the current regulations the effective APR due to the cash advance would be 19.60%

Revised Schumer Box Example

[i]

Card Type[ii]	**ANNUAL PERCENTAGE RATES (APRs)[iii,iv,v,vi]**	**OTHER APRs[vii]**	**PENALTY APRs[viii]**	Variable Rate Information[ix]	Grace Period	~~Balance Computation Method~~[x]	Annual Fee
Visa Classic	3.9% until 01/06, after that, 10.8%-18%*.			Your APR may vary. The rate is determined by adding 2.5%-5.5%* to the Prime Rate.**			
Visa Gold	2.9% until 01/06, after that, 8.8%-16%*.						
Visa Platinum	3.9% until 01/06, after that, 10.8%-18%*.						

<u>Other Fees</u>	**<u>Minimum Payment Example</u>[xiv]**
Transaction Fees for Purchases[xi] Cash Advance Balance Transfer Late Payment Over Limit Foreign Transaction Fee[xii] Minimum Finance Charge[xiii]	It will take 208 monthly payments or 17 years and 4 months to fully repay a $5000 outstanding balance by making only the minimum required payments due on the account. By making only the minimum payment you will pay $4,241.52 in total finance charges for a total of $9,241.52 in payments. Although the APR on your account may change, this example assumes a constant APR of 12%, that you do not add any additional amounts to the credit card balance during the repayment period, and that you make only the minimum payment of 2% of the outstanding balance or $25, whichever is greater. If there is an increase in the APR or additional advances the repayment period will be longer and the total amount of finance charges and total amount of payments will be higher.

* The rate and margin you receive will depend on your credit history.
**The Prime Rate used to determine your APR is the rate published in the "Money Rates" table of the *Wall Street Journal* on the first business day of each calendar quarter.

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[i] The headings used in the tabular disclosure should be consistent with the headings used in the account-opening disclosures to assist consumers with locating more detailed information about each particular term disclosed in the table.

[ii] The regulations should include model tabular disclosures that combine the disclosures for several different credit card programs. Providing disclosures in such a format is an easy and convenient means for consumers to compare the costs of different credit card programs.

[iii] The regulations should allow APR disclosures for purchases, cash advances and balance transfers to be grouped together under a single heading of ANNUAL PERCENTAGE RATES when the rate is the same for all types of transactions. As long as all of the APRs for these types of features are the same, the table need not specifically refer to each type of feature.

[iv] Consumers' attention should be drawn to the APR disclosure by requiring that the APR be made more conspicuous than the other information in the table.

[v] The requirement to disclose the Annual Percentage Rate applicable to purchases in an 18% font size should be eliminated because it is misleading to consumers. Many credit card programs provide for other APRs that are often much higher than the rates charged for purchases. By requiring a larger font size for purchase transactions consumer's attention is drawn to that rate and causes the consumer to overlook other much higher rates.

[vi] The regulations should allow for Annual Percentage Rates to be disclosed as a reasonable range of available rates. Risk based pricing has become a standard lending practice among many creditors. However, because the rate a particular borrower may receive depends on that borrower's credit history it is no longer possible to provide one specific rate in the Schumer Box. It is necessary to enhance the accuracy of the Schumer Box by allowing creditors to show the APR as a reasonable range of available rates. The range should span from the lowest rate to the highest rate that is actually available under the creditor's lending policies. Also, where the rate

is determined by the borrower's credit history, information should be provided as a footnote to the box informing the borrower of that fact.

[vii] Disclosures for "Other APRs" should only be required when the APRs for other types of features are not the same as the APR for purchases.

[viii] Penalty APRs have become the norm for most credit card programs. These APRs often have shockingly high rates and often unexpected terms for when they apply. For example it is becoming the norm for a penalty APR to be applicable when there is a default on any contract the consumer has with the creditor. Because the rates and circumstance when they apply may be unexpected to the consumer this information should be prominently disclosed in the table. This information should include not only the APR but also the circumstance when the penalty rate may be imposed.

[ix] Variable Rate information is an important disclosure. We do not suggest any changes to this disclosure other than clarification that a range of margins is permited when rates are based on the borrower's credit history

[x] We suggest that the balance computation method disclosure be eliminated from the Schumer Box as it is not generally a consideration that is significant to most consumers in the comparison of one credit card program with another. Consumers are far more concerned about rates, the grace period and annual fees so space in the table should be reserved for that information.

[xi] Most credit card programs rarely impose transaction fees for purchases therefore we suggest eliminating the requirement to disclosure this information as a separate box in the table. In the event transaction fees for purchases are imposed those fees should be disclosed along with the other fee disclosures for cash advances, late payments, balance transfers and over-the-limit.

[xii] The regulations should be clarified to require that any fees imposed for transactions made in a foreign country or a foreign currency must be included with the other fee disclosures for cash advances, late payments, balance transfers and over-the-limit.

[xiii] Minimum finance charges are essentially low balance service fees therefore we suggest that such charges be grouped together with transaction fees, late payment and over-the-limit fees.

[xiv] The Board has requested comment on the feasibility of adding a minimum payment example to periodic statements. The programming that would be necessary to provide such a disclosure would be extremely difficult and burdensome to creditors and of little value to consumers. In lieu of such a requirement we suggest that the Schumer Box contain a minimum payment example based on a fixed amount such as a $5,000 balance. This disclosure would be similar to the minimum payment example that is currently required by §226.5b(d)(5) for home equity line of credit plans. The example should reflect an APR that is currently available under the program, should be calculated using the minimum payment terms of the card program and should explain that the example assumes that there are no changes in the APR and that there is no increase in the outstanding balance during the repayment term.